



PSC NEWS

Missouri Public Service Commission

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NATURAL GAS RATES TO CHANGE FOR ATMOS ENERGY--PALMYRA DISTRICT CUSTOMERS UNDER SCHEDULED WINTER NATURAL GAS FILING

Jefferson City (October 28, 2004)---To primarily reflect changes to the Company's Actual Cost Adjustment (ACA) factor as well as estimated changes in the cost of natural gas for the winter season, Palmyra District natural gas customers of Atmos Energy Corporation will see a decrease in natural gas rates under a scheduled winter season filing reviewed and accepted by the Missouri Public Service Commission. This rate change, which will take effect on November 1, 2004, is interim subject to refund.

The ACA is a mechanism which tracks actual gas costs over a 12 month period. It ensures that what the natural gas company pays to its suppliers for natural gas is in fact what it recoups in rates from its customers. The ACA makes adjustments to rates if any over or under collections of natural gas costs occurred over the last 12 month period.

A residential customer currently pays \$0.7253 per Ccf (per 100 cubic feet of gas). Under this filing, the rate will drop to \$0.5992 per Ccf, a decrease of approximately 12.6 cents per Ccf. The effect on a typical residential heating customer for the winter season (November through March) is a decrease of approximately \$112 (total for the five month period) when compared to rates currently in effect.

Approximately 65% to 80% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. **The wholesale cost of natural gas** (the cost your local natural gas company must pay to its suppliers for natural gas) **is not regulated by the Missouri Public Service Commission.** The wellhead cost of natural gas is unregulated and is primarily driven by supply, demand and the weather. The Missouri Public Service Commission does conduct an annual regulatory review to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for their customers.

Atmos Energy Corporation serves approximately 1,380 natural gas customers in Palmyra, Missouri and the surrounding areas of Marion County.

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